OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE, BANGALORE.

Notification No. 6785—*C. S., dated* 13*th June* 1931.

The accompanying model bye-laws applicable to Co-operative Land Mortgage Societies in Mysore are published for general information.

K. H. RAMAYYA,
Registrar.

BYE-LAWS OF THE.....CO-OPERATIVE LAND MORTGAGE SOCIETY, LIMITED.

REGISTERED NO.....
Date of registration.....

Name

1. The name of the Society is.....Co-operative Land Mortgage Society, Ltd.

Address.

2. The office of the Society shall be situated at.....and its address shall be.....in the Taluk of.....in the.....District.

Extent of Operations.

3. The operations of the Society shall be confined to the places mentioned in the annexed schedule.

Objects.

4. The main object of the Society is the relief of the indebtedness and the improvement of the economic position of its members, by the grant of long term loans, on the mortgage of agricultural land to enable them to redeem subsisting mortgages or to liquidate their other prior debts, or to carry out works of permanent improvement of land.

Membership.

5. Every person, whether he is an agriculturist or non-agriculturist, residing or carrying on business in the area in which the society operates shall be eligible for membership, provided that he has attained the age of majority and is legally capable of entering into a contract.

The members of the Society shall include such persons as have subscribed to the application for registration of the society and all persons who, after the registration of the Society, are from time to time, admitted as members under these bye-laws.

6. Applications for admission as members and for allotment of shares shall be made to the Secretary of the Society in the form prescribed by the society for the purpose. Every such application shall be disposed of by the committee of management who shall have power to grant admission or to refuse it without assigning reasons.

7. Every member of the Society shall take at least one share, but no member shall take more than 50 shares. Every application for membership shall be accompanied by an entrance fee of one rupee and a share fee not exceeding two annas for each share applied for and also the full amount of ten rupees towards each share applied for.

8. No member shall be permitted to withdraw any of the shares held by him in the Society within ten years after the date when such shares were taken by him. After that period, a member may withdraw shares with the consent of the Committee of Management and also of the Land Mortgage Bank, provided firstly, that he has given at least six months' notice of withdrawal, and secondly, that there are no debts due from him to the Society, and thirdly, that there are no debts due to the Society in regard to which he has stood surety. When a member withdraws shares under this bye-law he shall be paid back the share capital actually paid by him with the dividend declared, if any.

9. (*a*) No member shall be permitted to transfer his share or shares in favour of another member of person except with the previous sanction of the Committee of Management.

(*b*) Every transferree of a share or shares shall pay a fee not exceeding four annas for every share so transferred.

10. A member of the Society shall cease to be such on death, expulsion, insolvency, ceasing to hold any share in the Society (by withdrawal, transfer, resignation or forfeiture) and permanent removal of residence or place of business from within the area of the Society's operations.

11. (1) If a member dies, his membership shall *ipso facto* cease.

(2) (*a*) Every member of the Society may nominate any person to succeed, in the event of his death, to his share or interest in the Society. Such nomination shall, in the event of his death, be given effect to by the Society provided,

(i) the nomination was signed by the deceased in the presence of at least two witnesses attesting the same;

(ii) the nomination has been registered in the books of the Society kept for the purpose; and

(iii) the person nominated is admitted by the Committee of Management as a member of the Society under bye-law No. 6.

(*b*) In the event of there being no person nominated by the deceased and entitled to succeed to his share or interest in the Society, the heir or legal representative of the deceased, or any person nominated by such heir or legal representative within one month of the death of the deceased member, shall be entitled to succeed thereto, provided such heir or legal representative or his nominee is admitted by the Committee of Management as a member under bye-law 6.

(*c*) In the event of there being no person entitled to succeed under clause (a) or (b) of this bye-law to the share or interest of a deceased member of the Society, the Society shall pay to the nominee of the deceased or to his heir or legal representative, as the case may be, a sum representing the decaased member's share or interest at the time of his death ascertained in accordance with the bye-laws of the Society.

12. (1) A past member shall be liable as provided in bye-law 14 for the debts due by the Society as they existed on the date when he ceased to be a member, for a period of two years from such date.

(2) The estate of a deceased member shall be liable as provided in bye-law 14 for the debts due by the Society as they existed on the date of his decease for a period of one year after his decease.

13. The Committee of management may, subject to the approval of the General Body of the Society, expel any member from the Society under the following circumstances:—

(i) If he persistently defaults in his payments to the Society in respect of any instalment of share, loan or interest; or

(ii) deliberately commits a serious breach of the rules or the bye-laws of the Society; or

(iii) wilfully deceives the Society by false statements or fictitious documents or endeavours in any manner to defraud the Society; or

(iv) is declared a bankrupt; or

(v) is convicted of any criminal offence which in the opinion of the Committee of Management is of such a nature as to render him unfit to continue as a member; or

(vi) becomes legally or mentally disabled; or

(vii) does any act which is likely to be injurious to the credit, reputation or stability of the Society.

14. Should a member cease to hold the qualifications necessary for membership of the Society, the Committee of Management shall remove his name from the list of members and shall pay him back within a reasonable period the share capital actually paid by him with the dividend declared, if any, after deducting therefrom any money due from him to the Society either as principal debtor or as surety.

Liability of Members.

15. The liability of the members of the Society shall be limited to the share capital subscribed by them.

Funds.

16. The funds of the Society shall include—

(*a*) Share Capital,

(*b*) Deposits,

(*c*) Loans raised from the Co-operative Land Mortgage Bank, or other sources.

(*d*) Grants, and

(*e*) Any other receipts assignable to Capital.

Maximum Borrowing Power.

17. The total borrowings of the Society by way of deposits, loans from the Co-operative Land Mortgage Bank and other sources shall not at any time exceed 16 times its subscribed share capital plus Reserve Fund.

Shares.

18. The share capital of the Society shall be Rs. 50,000 made up of 5,000 shares of Rs. 10 each.

Payment of Share money.

19. A member shall, as prescribed in bye-law 7 above pay in full the amount of share or shares applied for by him. But in respect of the share or shares of the value of Rs. 50 each already subscribed for by him under the original bye-laws of the Society, he will be at liberty to pay the share amount either in one lumpsum or in monthly instalments of Rs. 5 for each share held, and the same shall be paid before the 10th of the month for which the instalment is due, and for each sum of Rs. 50 paid up by him, he shall be deemed to have taken up five shares of Rs. 10 each. Default interest at two pies per rupee per month may be levied on all overdues of share capital.

Deposits.

20. The Committee of Management may, subject to any general instructions issued by the Registrar in this behalf, receive deposits at their discretion either from members or others and it shall be open to them to settle the terms on which deposits shall be taken, provided that the interest on such deposits shall not, in any case, exceed 7 per cent per annum and provided also that no deposit shall be received for a period of less than two years.

Other borrowings.

21. The Committee of Management shall, with the previous sanction of the Land Mortgage Bank and the Registrar, be competent to borrow funds otherwise than from the Co-operative Land Mortgage Bank, provided that the interest payable on the borrowed amount shall not in any case exceed 7½ per cent per annum.

Loans.

22. Loans shall be given only to *bona fide* land owning members of the Society for the objects mentioned in clause 24 below. No member can claim a loan as a matter of right. Applications for loans shall be disposed of by the Committee of Management.

23. All applications for loans shall be made to the Secretary in the form prescribed for the purpose. He shall place them before the Committee of Management which shall have discretion to grant or reject loans without assigning any reasons.

24. Loans may be given by the Society only for the following purposes :—

(*a*) for the redemption of subsisting mortgages on agricultural land ;
(*b*) for the liquidation of other prior debts of agriculturists ;
(*c*) for the improvement of land or for the better cultivation of it ; or
(*d*) for current agricultural operations.

25. Long term loans shall be granted for redemption of subsisting mortgages on agricultural land, for liquidation of prior debts and for the permanent improvement of land. Short term loans shall be granted for the better cultivation of land or for current agricultural operations ; provided that no loan for the improvement of land or for the better cultivation of land or for current agricultural operations shall be granted except to a member who has been granted long term loans for redemption of subsisting mortgages or liquidation of other prior debts, and whose mortgage is subsisting.

26. Long term loans shall be granted only on the mortgage of agricultural land. The Committee of Management of the Society may also require an applicant for a loan to mortgage all or part of his other immovable property as security in addition to the mortgage of land specified above. The funds raised by the Society by loans from the Land Mortgage Bank or from other sources in accordance with the provisions of bye-law No. 21 shall be earmarked for the grant of long term loans. Short term loans shall be granted out of share capital and deposits.

27. The minimum and maximum limits of long term loans to any one member shall be Rs. 500 and Rs. 5,000 respectively.

28. No individual member shall be entitled to a loan exceeding 16 times the share capital paid up by him.

29. Loans granted by the Society shall bear interest at rates to be fixed from time to time by the Committee of Management with the approval of the Registrar of Co-operative Societies, subject to.

(*a*) a maximum of 8 per cent per annum in the case of long term loans ; and
(*b*) a maximum of 9 per cent per annum on short term loans.

30. Long term loans and the interest due thereon shall be discharged by a system of equated payments ; or by payment of equal annual instalments of principal only, and the interest on the outstanding balance of principal, at the option of the borrower, but the borrower will be at liberty to pay larger sums according to his convenience.

31. Long term loans granted by the Soceity shall be repayable in equal yearly instalments which shall not be less than 25 and not more than 30 as may be fixed by the Committee of Management, with the approval of the Bank. Nothing in this bye-law shall be considered to preclude the borrower from repaying his loan wholly or in part t any earlier time.

32. Should, however, a borrower fail to repay his loan or instalment thereof within the stipulated time, he shall be liable to pay interest at 10 per cent per annum on the instalments actually overdue from the due date to the date of settlement.

33. The period for which short term loans are granted shall not exceed 15 months and the whole of this loan shall be repayable in one or more instalments within such period as the Committee of Management may decide.

34. A long term loan granted by the Society, shall not exceed 50 per cent of the estimated market value of the land which is offered as security by the borrower on account of the loans.

35. The land mortgaged to the Society as security shall have no prior encumbrances save the mortgage or mortgages to be redeemed by the loan given by the Society.

36. The land mortgaged to the Society as security shall not be subjected to any subsequent encumbrances either by way of further mortgages, sale, gift, or otherwise, to any one except the Society and save with the previous sanction of the Land Mortgage Bank.

37. Applications for loans from members of the ordinary credit societies shall be accompanied by recommendations from such societies and also information regarding the amount and condition of loan, if any, taken from such Societies.

N.B.—It is enough if the recommendations are made by the Committee of Management of the Credit Societies.

38. Investigation of loan applications shall embrace not merely a valuation of the property offered as security but shall extend to the property or otherwise of the object of the loan and the repaying capacity of the applicant.

39. (*a*) The applicant for a loan shall produce when required all the title deeds and other documents relating to the land proposed to be mortgaged by him. All the lands proposed to be mortgaged shall be inspected by at least two members of the Committee of Management of the Society deputed for the purpose. The members so deputed shall submit a correct estimate of the market value of the lands and of the income thereof and a list of all the persons having any interest therein specifying the interest of each. The Society may issue a public notice in such form as the Registrar may prescribe calling upon persons who have any objections to the advancing of the said loan or claims any interest as being mortgagee, sharer or otherwise, in the land to be taken as security, to submit their objections before the Committee of Management of the Society within a stipulated period and shall have copies of the notice sent to all the creditors mentioned in the loan application.

(*b*) Every applicant for a loan shall, along with his application for the loan, pay the travelling expenses of the members deputed to inspect the land. These expenses will be calculated according to a scale prescribed by the general meeting and published for the information of members.

(*c*) The members of the committee of management deputed to inspect lands proposed to be mortgaged shall, in all cases, be held responsible to the Society for the correctness of their reports, estimates and valuations.

(*d*) It shall be competent to the Committee of Management of the Society to reject any such report, estimate or valuation.

40. When a mortgage deed is executed by a member, the Committee of Management shall insist on all persons interested in the property joining in the execution whether such persons are themselves members or not.

41. The borrower shall be responsible for satisfying the committee of management that the loan granted by the Society has been applied for the purpose for which it was granted. Should the committee be of the opinion that a loan has been applied for a purpose other than that for which it was granted it may cancel the loan and at once take steps to recover the loan with the interest without waiting for the expiry of the period for which it was granted.

42. When a loan is cancelled by the Committee of management under bye-law 41 on account of its misapplication, the loan account shall at once be closed without reference to the term for which the loan has been granted. When the account is closed under this bye-law, the committee of management, shall inform the borrower of the fact, and of the amount outstanding against him, including interest up to the date of closing of the account. On the total amount so found due, the borrower shall be charged interest at the penal rate mentioned in bye-law No. 32 from the date of closing the loan account to the date of recovery and steps shall be taken without delay to recover the amount.

43. (*a*) The Committee of management of the Society shall, with the approval of the Land Mortgage Bank, have power to call in a loan without reference to the term for which the loan has been granted :—

(i) if after the loan has been granted, the information furnished by the borrower regarding the security, the incumbrances thereon or his interest therein, is found to be incorrect in material particulars, or

(ii) if the mortgaged property has, in the opinion of the Society, deteriorated in its value as security for the loan and the borrower fails to furnish additional security to the satisfaction of the Society, or

(iii) if on the death of the borrower or in the case of joint borrowers, on the death of any one of them his legal representative does not consent to continue as a member of the Society, or

(iv) if for any other reason, the borrower, or in the case of joint borrowers any one of them, ceases to be a member of the Society, or.

(v) if the borrower commits default in the payment of any instalment on the due date.

(*b*) When a loan is cancelled under this bye-law, further action will be taken as in bye-law 42 to close the loan account and recover the amount due.

44. The amount of paid-up share capital, deposit and any other money to the credit of a member or a past member shall be subject to a first charge in favour of the Society in respect of any moneys due to the Society from such member or past member. The Society shall be at liberty to appropriate the whole or any portion of such paid-up share capital or deposit or any other money, to the moneys due by the member to the Society.

45. When a member from whom money is due pays any sum, it shall be appropriated in the following order :—

Firstly to fees, postal, registration and other miscellaneous charges due by him.

Secondly to interest, and

Thirdly to principal.

Profits.

46. The net profits of the Society as declared by the Registrar every year shall be disposed of as shown below :—

(i) not less than 10 per cent shall be carried to the credit of the Reserve Fund ;

(ii) out of the remainder, a dividend subject to a maximum of five per cent per annum on the paid up value of each share may be paid to members proportionately to the amount of paid up share capital held by each and also to the period during which the paid up share capital was so held during the year ; and

(iii) the balance shall be added to the Reserve Fund.

Note.—All undisbursable and indivisible profits shall be added to the Reserve Fund.

Reserve Fund.

47. A Reserve Fund shall be formed by the Society. To this shall be carried :—

(i) such sum out of the net profits of every year as is stipulated in bye-law 46 above,

(ii) the interest on the capital of the fund,

(iii) amounts not claimed up to a period of not less than three years from the date of their having fallen due, and

(iv) any other funds which may be credited to the Reserve Fund by the General Body of members.

48. The Reserve Fund shall be invested in such manner as the Registrar of Co-operative Societies may prescribe and shall not be drawn upon except with his sanction.

49. With the previous sanction of the Registrar, the loss in any year may be met from the Reserve Fund, provided that no dividend on the shares is paid that year.

50. In case of dissolution of the Society, the Reserve Fund and other funds contributed by it under the provisions of its bye-laws may be applied in such manner and to such purpose as may be determined with the approval of the Registrar, by the majority of the members.

Management.

51. The management of the Society shall be entrusted to a committee of management consisting of a President and not less than six and not more than fourteen members who shall be elected at a general meeting from among the members of the Society. The members of the Committee shall be elected for a term of one year, the retiring members being eligible for re-election.

52. The President as well as the members of the first Committee of Management shall be nominated by the Registrar of Co-operative Societies and they shall hold office until the first annual general meeting of the Society.

53. The Committee of Management shall have power to appoint one of themselves as Honorary Treasurer.

54. The Committee of Management shall have power to appoint either one of themselves as Honorary Secretary, or another person, whether he is a member or not, as a paid Secretary. Interim vacancies on the committee of management may be filled up by the remaining members of the committee by co-opting for the unexpired portion of the period.

55. The powers and duties of the Committee of Management shall be as follows :—

(1) To dispose of applications for membership ;

(2) To dispose of applications for loans ;

(3) To hear and dispose of complaints by any individual member of the Society ;

(4) To make appointments on the staff of the Society and take disciplinary action about them;
(5) To receive and disburse moneys belonging to the Society;
(6) To keep the accounts of the Society;
(7) To check the accounts and prepare and submit periodical statements of accounts in accordance with the instructions of the Registrar;
(8) To perform all other acts connected with the administration of the Society and the transaction of its business which are not specifically reserved to the General Body of the members of the Society by these bye-laws.

56. The Committee of Management shall meet at least once every month or as often as may be necessary to conduct the affairs of the Society. Five members including the President shall form the quorum for a meeting. All questions will be decided by votes, the President having a casting vote where the voting is equally divided.

57. The business of the Society shall be conducted by the President, Honorary Treasurer and Secretary in accordance with subsidiary rules to be framed by the Committee of Management for the conduct of business and defining the powers and duties of the several office bearers.

General Body.

58. Subject to the general control of the Registrar of Co-operative Societies, the ultimate authority in all matters relating to the administration of the Society shall be the General Body of the members who shall meet from time to time and at least once a year to conduct the work of the Society. The first annual general meeting of the General Body shall be held at the end of one year from the date of registration of the Society. The following among other matters shall be dealt with by the General Body :—

(1) The election and removal of the members of the Committee of Management;
(2) The annual report due to the Registrar of Co-operative Societies;
(3) The Registrar's annual audit order;
(4) The amendment or repeal of any existing bye-laws or the enactment of a new bye-law;
(5) The expulsion of a member;
(6) The consideration of any complaint which any individual member may prefer against the Committee of Management.

59. An extra-ordinary meeting of the General Body of the members may be convened whenever necessary for the conduct of the business by the Committee of Management, and it shall be so convened at the request of ten or more members, who shall notify beforehand the specific business to be placed before the meeting, or at the instance of the Registrar of Co-operative Societies.

60. The quorum for a general meeting shall be five if the total number of members on the rolls does not exceed ten, and if it exceeds ten, there shall be added to the above quorum one for every ten or additional members, with this exception that the quorum shall not in any case exceed *twenty* members.

61. The President, when present shall preside at the meetings of the General Body. In his absence, the members present may choose a chairman from their number to preside at the meeting. Every member present shall have one and only one vote, irrespective of the number of shares held by him. There shall be no voting by proxy. All questions shall be decided by a majority of votes of the members present and voting. When votes are equal, the chairman of the meeting shall have a casting or second vote.

62. Seven clear days' notice shall be given to the members for a meeting of the General Body. In addition to the day, hour or place of meeting, the notice shall also contain the details of the business to be brought up at the meeting.

63. No amendment to, alteration in, or cancellation of a bye-law and no enactment of a new bye-law shall be made except at a general meeting of the members or shall take effect until it shall have been approved by the Registrar.

Audit.

64. Once every year an auditor shall be appointed by the General Body from among the ordinary members of the Society or otherwise, whose duty it will be to examine the accounts of the Society from time to time.

Affiliation to the Co-operative Land Mortgage Bank.

65. The Society shall affiliate itself to the Mysore Co-operative Land Mortgage Bank, Limited, and take shares in that Bank.

66. Subject to the bye-laws of the Co-operative Land Mortgage Bank, loans may be obtained by the Society from the Bank on the Society furnishing a list of its members who have applied for loans together with records of investigation relating to the object for which the loans are required, the sufficiency of the security offered and other material particulars

necessary for arriving at a decision and also on condition of its transferring to the Bank the mortgage deeds obtained by it from the borrowers. Provided that it shall be open to the Land Mortgage Bank to require such additional enquiry or informatian as may be necessary or to cause any supplementary investigation to be conducted.

Annual accounts.

67. The Committee of Management shall prepare annually in such form as may be prescribed by the Registrar :—

(*a*) a statement showing the receipts and disbursements for the year ;
(*b*) a profit and loss account ;
(*c*) a balance sheet ; and
(*d*) such other statements as may be prescribed by the Registrar.

These statements shall be made up to 30th June and a copy of each shall be sent to the Registrar within one month after the close of the Co-operative year ending with 30th June. After the Registrar has verified the statements and granted his audit certificate, the Society shall publish such of the statements as he may direct and in the manner prescribed by him.

Miscellaneous.

68. The working of the Society shall be subject to the supervision and periodical inspection by the Co-operative Land Mortgage Bank of which it is a member, and the Bank shall also have a right to have the accounts of the Society audited once at least every year.

69. The Society shall be bound :—

(1) to administer its work in strict conformity with its bye-laws and the bye-laws of the Co-operative Land Mortgage Bank of which it is a member,

(2) to carry out carefully the rules drawn up for its guidance by the Bank and to submit to the Bank such statements and reports as may be prescribed, and

(3) to obtain the sanction of the Bank before raising any loan from any sources other than the Bank.

ANNEXURE.

Schedule of villages referred to in bye-law No. 3.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE, BANGALORE.

Circular No. 34—C. S. dated 11th June 1931.

Government have in their Notification No. D. 9473—C. S. 127-29-23, dated 28th April 1931, been pleased to alter as follows Rule 18 of the Rules framed under the Mysore Co-operative Societies Regulation No. VII of 1918, as amended from time to time :—

RULE 18.

"A member of a Co-operative Society shall not receive in dividend and bonus for one year a sum exceeding 7½ per cent on the share capital actually paid up by him without the sanction of the Registrar nor shall penal interest be appropriated towards profits except with the express approval of the Registrar.

In a Society with unlimited liability all the net profits shall be credited to the reserve fund of the society and no dividend or bonus shall be paid except with the general or special sanction of the Registrar."

All Co-operative Institutions, other than the Land Mortgage Bank and Land Mortgage Co-operative Societies, are hereby instructed to take the earliest opportunity to get their bye-laws relating to the disposal of profits and distribution of dividends amended in accordance with the said Rule and fix the maximum rate of dividend and bonus (inclusive) on share capital at 7½ per cent per annum, so that the bye-laws may be in conformity with the Rule.

E. V. GANAPATHI IYER,
For *Registrar.*

DEPARTMENT OF PUBLIC INSTRUCTION.

MYSORE LOCAL EXAMINATIONS.

Notification No. D. 74, dated the 11th June 1931.

It is hereby notified that the Final Examination for the Teachers' Certificates will be held in Bangalore, Mysore and Shimoga, commencing from Monday the 13th July 1931. In the case of candidates who have come up for the Practical Examination only, and Private